



Press Release

Mindhola Foods LLP

February 04, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities – CC	44.00	IVR BB + / Stable (IVR Double B Plus with Stable Outlook)	IVR BB + / Stable (IVR Double B Plus with Stable Outlook)	Rating Reaffirmed	Simple
Long Term Bank Facilities – Term Loan	7.56*	IVR BB + / Stable (IVR Double B Plus with Stable Outlook)	IVR BB + / Stable (IVR Double B Plus with Stable Outlook)	Rating Reaffirmed	Simple
Long Term Bank Facilities – SLC	5.00	IVR BB + / Stable (IVR Double B Plus with Stable Outlook)	-	Rating Assigned	Simple
Total	Rs.56.56 crore (Rupees Fifty-six crore and fifty-six lakhs only)				

* One term loan of The Surat Peoples Co Op Bank Ltd is fully repaid and NDC received from the lender and accordingly at the request of the company Infomerics are withdrawing rating on the same.

Details of Facilities/Instruments areas in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its ratings on the bank facilities of Mindhola Foods LLP(MFLP). The ratings were reaffirmed on the grounds of moderate capital structure and coverage metrics, proximity to shrimp procurement area and experienced and resourceful partners. The ratings are, however, constrained by elongated working capital cycle, low entry



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barriers and susceptibility of profitability margins to volatile product prices. The company is also exposed to volatility in raw material prices and foreign exchange fluctuations.

The rating of one of the term loans of The Surat Peoples Co Op Bank Ltd is withdrawn at the request of the company and No Dues Certificate received from lending bank. The rating withdrawal is consistent with Infomerics policy of Withdrawal.

The Stable outlook reflects Infomerics' view that company will continue to benefit from the experienced partners and the established relationship with its customers which will translate into growing scale of operations along with improved profitability. Infomerics expects that the company will continue to sustain a healthy order book position thereby ensuring revenue visibility over the medium term.

Key Rating Sensitivities:

Upward Factors

- Substantial improvement in scale of operations, backed by significant improvement in profitability margins while maintaining the debt protection measures on a sustained basis.

Downward Factors

- Any significant deterioration in the revenue and/or profitability.
- Withdrawal of funds infused by partner's adversely impacting liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Moderate capital structure and coverage metrics

The capital structure marked by overall gearing ratio stood at 1.33x at end FY2024 (referred for a period 1st April 2024 to 31st March 2024) as against 1.08x at end FY2023 due to increase in working capital requirement. However, the TOL/ ATNW improved to 1.73x in FY2024, as against 2.31x in FY2023 on account of repayment of loan coupled with improvement in ATNW. Further, the debt protection metrics of the firm marked by interest coverage ratio and debt



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service coverage ratio decreased to 1.82x and 2.14x respectively in FY2024 as against 2.73x and 2.75x respectively in FY2023, on account decline in EBITDA and increase interest cost.

Proximity to shrimp procurement area

MFLP's processing plant is located at on the bank of river Mindhola, near Palsana in Gujarat. There are many shrimp nurseries are located nearby close to the Arabian Sea where the natural availability of nutrient rich water provides ideal conditions for shrimp farming. MFLP purchases shrimps from nearby farmers cultivating shrimps and other seafood products and processes the same in its factory premises with the extent of value addition based on client requirements.

Experienced and resourceful partners and successful track record of the firm

MFLP, a seafood processing firm, has experienced partners - Mr. Hetal Patel and Mrs. Shoryata Patel. The firm has received support from promoters through unsecured loans, with an outstanding USL of Rs.23.62 crore as of March 31, 2024. The firm has complied with export regulations since inception. MFLP's processing unit is certified by United States Food and Drug Administration (USFDA), Food Safety System Certification (FSSC), and its products hold a British Retail Consortium (BRC) certification. BRC certification allows MFLP to sell its ready-to-eat products directly in the European supermarkets and malls. The firm has meticulously complied with all the regulations for the last 20 years of its successful operations.

Key Rating Weaknesses

Elongated working capital cycle

The company operates in a working capital-intensive industry marked by elongated operating cycle which resulted in high utilization in its working capital bank limits. The company's entire revenue is through exports with USA, Japan and China being its prime export destinations. Shrimp harvesting is a seasonal activity (usually done in the June to January period) which calls for processors such as MFLP to maintain inventory throughout the year to cater to the demand from export clients. This along with the significant shipment time to export destinations leads to high working capital requirement.

Low entry barriers and profitability susceptibility to volatile prices



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The firm faces stiff competition given the fragmented nature of the industry and large number of organized and unorganized domestic players. Low entry barriers is the key reason for prevalence of large number of sea food processors. Domestic exporters of sea food have to not only contend with competition from other industry players in the Indian market, but also from other Asian countries such as China, Thailand and Vietnam, which can limit their pricing and bargaining power with the customer. Additionally, the prices of marine products are susceptible to changes in demand-supply scenarios.

Susceptibility to volatility in raw material prices and foreign exchange fluctuations

The profitability of shrimp exporters is exposed to uncertainty related to procurement and prices, as the availability of shrimps can be impacted by possible outbreak of diseases, which could affect production. Further, since the company's revenue is derived from exports, the profitability of the company is also susceptible to volatility in the foreign exchange fluctuations to the tune of any unhedged forex exposure. The company does selective hedging based on USD-INR rate movements and is therefore exposed to volatility in exchange rate movements on the unhedged portion of the net USD receivables.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Manufacturing Entities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Policies on Default Recognition and Post- Default Curing Period](#)

[Complexity Level of Rated Instruments/facilities](#)

[Policy on Withdrawal of Rating](#)

Liquidity – Adequate

Adequate liquidity characterized by sufficient cushion in accruals vis-à-vis repayment obligations. The firm is expected to generate adequate gross cash accrual in the range of Rs. 8.00 crore -9.00 crore annually in the projected period FY2025-27 as against debt repayment obligation of around Rs. 4.85 crore in FY2025, Rs. 2.53 crore in FY2026 and Rs. 0.72crore in



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FY2027. The average monthly fund-based utilisation for the 12 months ended December 31, 2024, stood high at 96.88%. The firm's current ratio stood at 1.30x as on 31st March 2024.

About the Company

MFLP is a limited liability partnership firm (LLP), incorporated in October 2017, which commenced operations in May 2019. MFL is engaged in processing of sea foods and exports frozen marine products primarily to US, China, Japan, UAE, New Zealand, and some Middle East countries. MFLP has a processing cum storage facility strategically located at Palsana (Gujarat) with total installed capacity of 75 metric tonne per day (MTPD) with Glory IQF, FAI Brine freezer and Glory Plate freezers & freezer Blast for processing and freezing of shrimps. MFLP sells its products under the brand name **Oceanus**.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	238.06	234.41
EBITDA	14.09	11.23
PAT	3.21	1.97
Total Debt	59.69	79.73
Tangible Net Worth	32.31	36.38
EBITDA Margin (%)	5.92	4.79
PAT Margin (%)	1.35	0.83
Overall Gearing Ratio (x)	1.08	1.33
Interest Coverage (x)	2.73	1.82

* As per Infomerics Standard

Status of non-cooperation with previous CRA: No

Any other information: No



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Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					January 16, 2024		
1.	Long term bank loan facility	Cash Credit	44.00	IVR BB+/Stable outlook	IVR BB+/Stable outlook	-	-
2	Long term bank loan facility	Term Loan	7.56	IVR BB+/Stable outlook	IVR BB+/Stable outlook	-	-
3	Long term bank loan facility	SLC	5.00	IVR BB+/Stable outlook	-	--	

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI). Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary. For more information and definition of ratings please visit www.infomerics.com

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – CC	-	-	-	44.00	IVR BB + / Stable (IVR Double B Plus with Stable Outlook)
Long Term Bank Facilities – SLC	-	-	-	5.00	IVR BB + / Stable (IVR Double B Plus with Stable Outlook)
Long Term Bank Facilities-Term Loan	-	-	27/09/2026	2.00	IVR BB + / Stable (IVR Double B Plus with Stable Outlook)
Long Term Bank Facilities-Term Loan			11/09/2026	0.92	IVR BB + / Stable (IVR Double B Plus with Stable Outlook)
Long Term Bank Facilities-Term Loan			15/03/2030	4.64	IVR BB + / Stable (IVR Double B Plus with Stable Outlook)
Long Term Bank Facilities-Term Loan			Fully repaid as on 7/01/2025	0.00	-
TOTAL				56.56	



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Annexure 2: Facility Wise Lender Details:

<https://www.infomerics.com/admin/prfiles/len-mindhola-feb25.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

